

August 30, 2013

To: Executive Board

Subject: **Proposed Silver Streak Permanent Fare Reduction**

Recommendation

Recommend that the Governing Board authorize the Executive Director to conduct public hearings regarding the Proposed Silver Streak Permanent Fare Reduction.

Analysis

In October 2012, the new El Monte Bus Station opened, showcasing an updated Foothill Transit *Store* and a completely revamped two-level bus terminal. As part of the opening of the new El Monte Station and *Store*, Foothill Transit and Metro coordinated on the provision of seamless and truly regional “Silver Corridor” service, dubbed “Silver2Silver”, whereby customers traveling between the El Monte Station and downtown Los Angeles were able to board either a Foothill Transit or a Metro bus for a common fare, using either Foothill Transit’s or Metro’s fare media.

The Executive Board approved the proposed Silver Streak Promotional Fare Reduction in June 2012. The promotional fare more closely aligned Foothill Transit’s Silver Streak and Metro’s Silver Line and ultimately added capacity, simplified the fare structure and encouraged transit use through this heavily travelled corridor.

The promotional fare reduction applies to customers using cash fares, Foothill Transit 31-Day passes, EZ-Transit Pass, and Metro Passes. The promotional fares were to be in effect for one year with scheduled review periods to determine the program’s viability. Since its launch in October 2012, the Silver2Silver program has been deemed a significant success by both Metro and Foothill Transit and should be established as a permanent fare sharing program.

Program Statistics and Analysis

The initial launch period for Silver2Silver occurred during a period of decline in ridership. During the months of October, November and December Foothill Transit lines regularly experience on average a four percent decline in ridership compared to the months of January through September. This is a direct result of the holiday season and is a consistent phenomenon that can be tracked from year to year.

In addition, the Los Angeles region experienced a significant gas price hike during the months of October and November of 2012 -- \$4.75 per gallon vs. \$3.71 a gallon for the same period in 2011. Foothill Transit’s overall ridership showed significant increases as a result and then slowly declined as gas prices receded.

Executive Board Meeting – 08/30/13
Proposed Silver Streak Permanent Fare Reduction
Page 2

The Silver Streak did show overall ridership growth that was consistent with past gas price hikes during the last quarter of 2012. In addition, this growth did taper off as the holiday season progressed and gas prices began to normalize -- October – 14%, November – 11%, December – 7%.

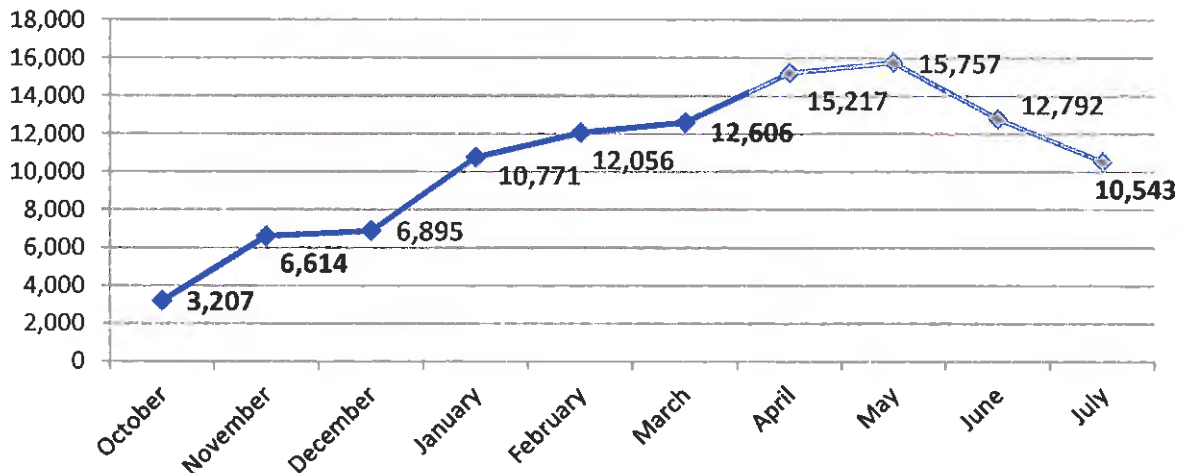
Since the implementation of the Silver2Silver program, the Silver Streak has seen an overall increase in ridership of approximately 16 percent or 175,944 customers.

Silver Streak Ridership			
	11-12	12-13	% Δ
October	109,143	124,570	14%
November	103,641	114,617	11%
December	100,025	106,670	7%
January	103,195	121,596	18%
February	103,814	118,349	14%
March	108,864	128,508	18%
April	105,440	134,315	27%
May	116,736	139,443	19%
June	110,855	128,365	16%
July	111,735	132,959	19%
Total	1,073,448	1,249,392	16%

Pass sharing between Metro and Foothill Transit is one of the key features of the Silver2Silver program, allowing Metro customers to board the Foothill Transit Silver Streak with a Metro pass and vice versa. Metro is reporting a low and steady crossover of Foothill Transit Pass holders to their Silver Line, starting with around 500 when the program was launched and reaching a little over 1,000 Foothill Transit pass boardings in March.

Conversely, Foothill Transit has experienced a steady and significant increase of Metro customers using the Silver Streak, with expected declines beginning in June due to reduced student pass ridership:

Metro Pass Usage on Foothill Transit Silver Streak



Currently Metro Pass ridership accounts for approximately 10 percent of the total ridership for the Foothill Transit Silver Streak.

Foothill Transit pass ridership on Metro's Silver Line isn't adding significant passenger loads to the already over capacity Silver Line. For every one Foothill Transit passenger Metro carries, Foothill Transit carries 12 Metro riders, thus improving capacity along the Silver Corridor through a more efficient distribution of riders between the two services. In addition, the pass sharing program allows customers to board the first bus departing El Monte Station or Downtown LA regardless of carrier and adds access to more destinations in Downtown LA as the Silver Line and Silver Streak have slightly different alignments in the city.

Fare Change and Analysis

The following chart depicts the estimated revenue impact that the Silver Streak fare reduction had on Foothill Transit projecting through December 2013.

Executive Board Meeting – 08/30/13
Proposed Silver Streak Permanent Fare Reduction
Page 4

Fare Type	Before Silver2Silver	Current Silver2Silver	Revenue Impact
Cash	\$2.75	Decrease fare to \$2.45	(\$220,245.37)
Foothill Transit Passes	Honored only on Foothill Transit buses	Honored on Foothill Transit buses and Metro Silver Line buses	n/a
Metro Transit Passes	Honored only on Metro buses	Honored on Metro buses and Foothill Transit Silver Streak buses	(\$661,766.06) ⁱ
31-Day Foothill Transit Passes	\$22.00 – \$170.00	Maintain pass prices Reduce upcharge costs	\$24,163.80
EZ Transit Pass	\$35.00 - \$194.00	Accept Zone 2 EZ Transit Pass at El Monte Station Westbound Accept Zone 2 or 3 EZ Transit Pass from Downtown Los Angeles Eastbound	(\$93,426.45)
EZ Transit Pass Upcharge	\$1.50	Match upcharges depending on passes used	
Senior/Disabled/Medicare	\$2.75	\$1.15 all day	\$65,119.44
TOTAL			\$(886,154.64)

¹ Total is based on Silver Streak Average Cash Fare of \$2.72 per adult and students, and \$1.48 discounted fare.

Executive Board Meeting – 08/30/13
Proposed Silver Streak Permanent Fare Reduction
Page 5

The original program modified the Silver Streak fare for a one year promotional period. Ridership and revenue were monitored monthly and Foothill Transit's administrative team members met with Metro staff.

While ridership has increased on Foothill Transit's Silver Streak, revenue losses have been incurred. This is due both the fare reduction and to Foothill Transit accepting Metro passes for boarding. The revenue losses incurred as a result of Metro pass ridership so far and projecting through the end of the current calendar year will be mitigated by the operating grant revenue received from Metro for the ExpressLanes project.

In order to ensure that the fare revenue losses as a result of Metro pass ridership on Foothill Transit's Silver Streak will not negatively impact Foothill Transit's fare revenues in the long term, there will have to be an agreement between Metro and Foothill Transit to that effect. Preliminary discussions with Metro have identified funding through the ExpressLanes project as a source of funds for the Silver2Silver program beyond the initial one-year promotional period. Should an agreement be reached with Metro to that effect, it is recommended that the pass-sharing program be continued.

Making the Foothill Transit Silver Streak promotional fare permanent would require a public outreach process to determine customer impact.

If authorized by the board, public meetings/hearings will be conducted in November 2013. Customers will also be able to comment on this proposal in writing and via email. All comments received will be evaluated prior to making a final recommendation regarding implementation of a permanent fare reduction.

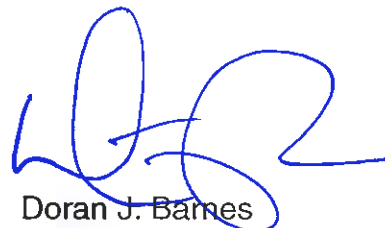
Fiscal Impact

While ridership has increased on Foothill Transit's Silver Streak as a result of the Silver2Silver promotional program, revenue losses have been incurred. These losses are projected at \$886,154.64 through the end of the current calendar year. Of this amount, \$661,766.06 is related to acceptance of Metro passes on Foothill Transit's Silver Streak. The projected loss through December 2013 is offset by the operating grant revenue received from Metro for the ExpressLanes project.

Sincerely,



Felicia E. Friesema
Director of Marketing and Communications



Doran J. Barnes
Executive Director